



The Economics of Occupational Segregation

Economics is given a revered position in policy making. If we are serious about promoting gender equality in Scotland we have to understand the economic thinking and processes that create, and sustain, current gender inequalities.

There are many different dimensions of economics and very different approaches to the teaching of economics. Overwhelmingly the neo-classical approach has shaped our popular understanding of economics, but for this module we will consider its flaws in order to understand the processes that create, and sustain, current gender inequalities.

Economics is a social science that studies the production, distribution and consumption of goods and services. The term 'economics' comes from the Ancient Greek *oikonomia* which is the 'management of a household administration'; from *oikos*, 'house', and *nomos*, 'custom' or 'law'. Therefore it is the 'rules' of the 'house(hold)' or *oikonomia*, the management of a household.

Economics aims to explain how economies work and how we all as economic agents interact with each other and the world. Economic analysis is applied throughout society – in finance, business, government and also the 'business' of government such as education, health and the legal system.

Economics is dominated by the '**neo-classical**' approach. Neo-classical economics has been the dominant thinking in economics and is based on the assumption that individuals make rational choices independent of social, environmental and cultural influences. The process of decision-making is the cornerstone of economic theory and some economists argue the model can be applied to other areas of human behaviour i.e. criminology. This single model of decision-making based on an individual's preferences is often referred to as the '**Rational Economic Man**'. Rather than view 'choices' being influenced and shaped by a number of conditions, such as whether you have dependents or the amount of time and resources spent on 'unpaid labour,' neo-classical economists would only consider the process of that choice, not the structural influences of that choice.

Another way to define economics is the study of production, distribution and exchange i.e. the market economy. Neo-classical economists have been criticised for not taking into account unpaid labour that is specifically reproductive labour, where women are overwhelmingly engaged in such activities i.e. childcare, cleaning, cooking etc. Time and resources spent on ensuring the nurturing and care of people is not measured by traditional economists, but the value to the market economy is high. The interplay between production and reproduction is crucial for the market economy to

thrive and as feminist economists have highlighted, much of the reproductive labour is undertaken by women. Reproductive labour is crucial to ensure commodities are produced, distributed and exchanged, but its value remains unmeasured by traditional economists.

Feminist economics is often described as heterodox economics. It is more radical and is concerned with history and social structures, and the relationship between feminism and economics, thus explaining economic theories within a more unorthodox approach. Unlike neo-classical economics, feminist economics applies a '**feminist lens**' to understand the economy. Feminist economics criticises neo-classical economics for failing to take into account the different ways that women and men engage with the economy and the different outcomes of that experience. For example, women are responsible for much of the unpaid and undervalued reproductive labour i.e. looking after children and elderly parents, and at the same time are often responsible for juggling the household budget. **Feminist economists** would argue that failure to understand the dynamics of the household and the contribution women make to the economy is a failure to sustain economic growth. Feminist economists argue for the incorporation of gender into the analysis of economic data, not always applied in a mainstream economics approach, to better understand the gendered nature of economic processes.

Occupational segregation by gender refers to the inequality in the distribution of women and men across different occupational categories and job types. Labour market statistics show that women and men in different jobs, dominate in particular sectors and indeed, are channelled into different jobs. In the USA, there has been research done on occupational segregation on the basis of race, but segregation on the basis of gender is more pronounced and also more persistent. It is therefore an important area of enquiry for feminist economists.

There are different types of occupational segregation **horizontal** (where a workforce is made up mostly of one gender) and **vertical** (where opportunities for advancement by a particular gender are limited. This is sometimes referred to as the 'glass ceiling' effect). Occupational segregation is therefore an important dimension of gender inequality in the labour market.

Occupational segregation is an issue in Scotland. It has negative consequences for individuals, businesses and the wider economy. Benefits of breaking down gender barriers in employment, training and skills acquisition would be wide-ranging:

- freedom of choice for individuals in their careers due to reduced gender stereotyping;
- businesses have a greater pool of talent to choose from; and
- tackling occupational segregation will reduce artificial limits on productivity; encourage women into higher skills/higher value jobs; address the under utilisation of skills and subsequently narrow the pay gap.